



A report by:

THE JOINT LEGISLATIVE STAFF
TASK FORCE ON GOVERNMENT OVERSIGHT

Prepared for:

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18TH SENATE DISTRICT

COMMISSION ON TEACHER CREDENTIALING:

*Teacher fees fund
first-class hotels and
cabs for commissioners*

*A report of
findings and
recommendations*
MAY 13, 1998



Commission on Teacher Credentialing

"Our practice is to be as prudent as possible in expending our financial resources. ...We continue to look for ways to reduce costs in this part of our operation."

Letter to State Controller from David Wright, Director, Professional Services, Commission on Teacher Credentialing, 2/17/98

In March 1998 the Joint Legislative Staff Task Force on Government Oversight was asked to review expenditures by the Commission on Teacher Credentialing (CTC) for its monthly Commission meetings. An employee of the CTC had expressed concerns about the spending habits of the commissioners participating in monthly meetings in Sacramento. The concern of this employee is justified based on the Task Force's review of claim forms and invoices for CTC meetings for 1997 and 1998.

BACKGROUND

CTC Commission meetings generally last two days (occasionally three) and are attended by 80-100 people (CTC estimate). Up to 18 Commission members may be in attendance at these meetings and the commissioners stay in hotels for the duration of the meetings. The expenses of the Commission are paid out of teacher credentialing fees and the credentialing fee is currently set at the maximum allowed by state statute - \$70.00. The CTC is currently running a 30 percent surplus in credentialing fee funds. By law the CTC's reserve surplus is not to exceed 10 percent.

MEETING ROOMS

The CTC typically spends \$1,600 - and as much as \$2,700 - (\$800-\$1,000 per day) for meeting rooms. Meetings are held at the Hyatt Regency Sacramento, the Sterling Hotel, and Vizcaya Pavillion. These are some of the most expensive and elegant meeting sites in Sacramento.

There are a number of state agency meeting facilities that will accommodate the number of people who attend the CTC meetings. The CTC justifies its use of the private sites based on the need to book Commission meetings one year in advance. Although most state agencies will not reserve meeting rooms more than a few months in advance, the Employment Development Department (EDD) has a 198-seat auditorium which may be reserved a year in advance and which is provided free to state agencies. And, for a fee of \$500 per day, the Secretary of State will provide its state-of-the-art auditorium, which may be booked one year in advance, save for the two week period prior to state elections.

Both the EDD and Secretary of State auditoriums have large stage areas where special tables or seating arrangements could be set up. Anticipating that the CTC will argue that it needs special seating arrangements different than those in an auditorium, Task Force staff checked out the meeting room set-up at the Hyatt Regency for the May 8, 1998, Commission meeting and found that the seating arrangement was theater-style with a head table for the commissioners and staff.

In addition to the state owned facilities, the Task Force called several local hotels and found the cost of meeting facilities to be approximately \$500 per day. Additionally, the Sacramento Convention Center has a variety of meeting rooms which rent for less than \$500.

The use of Vizcaya Pavillion as a meeting site for any reason is questionable, as it is not convenient to anything downtown and is not near any hotel.

In a February 17, 1998 letter from David Wright, Director of Professional Services to the State Controller, the CTC outlined its rationale for choosing particular meeting sites. Mr. Wright states:

“A meeting that extends beyond one day is held in a hotel facility unless it is a small group (fewer than 10). The cost of a meeting room is offset by the absence of transportation costs from the airport.... The costs of taxi transport and parking costs to a state building are eliminated. Hotels generally give a reduced cost of meeting rooms depending on the number of sleeping rooms used.”

Only four of the 1998 meetings will be held in a hotel – the Hyatt. The Hyatt does not have free shuttle service or free parking, and most commissioners take taxis to and from the airport.

HOTELS

Commissioners do not receive a salary and are considered to be “excluded” employees of the state. As such, they are entitled to reimbursement for lodging expenses at the state reimbursement rate of \$79.00 per night. Department of Personnel regulations allow reimbursement for lodging to exceed the \$79.00 state rate “only in an emergency, or when there is no lodging available at the state maximum rate or when it is cost effective.”¹

Review of the lodging receipts for the commissioners for the Commission meetings in 1997 and 1998 shows that the commissioners stay at the Hyatt Regency Sacramento regardless of the meeting site. The state government room rate at the Hyatt was \$99.00 at the beginning of this year (\$20.00 over the maximum reimbursement amount), and according to Hyatt reservations, in April 1998 the state rate increased to \$109.00 (\$30.00 over the state maximum).

The Task Force called other hotels in the vicinity of the sites where the Commission meetings are held and found the following current state government rates:

Holiday Inn – 3 rd and J Streets	\$81.00
Best Western – 11 th and H Streets	\$81.00
Clarion Hotel – 16 th and H Streets	\$79.00

In addition, the Clarion and Best Western provide free parking for guests and are closer to the Sterling Hotel, where many of the Commission meetings are held. (In fact, the Clarion provides free shuttle service between the hotel and the airport.) The cost of parking at the Holiday Inn is \$5.00 per day. Two of the CTC commissioners usually have rental cars and are reimbursed for parking costs at the Hyatt. Hyatt self-parking is \$7.00 per day, and valet parking is \$12.00 per day. One commissioner routinely uses and is reimbursed for valet parking.

When receipts for lodging are submitted to the Controller’s office for reimbursement, they include form letters signed by Executive Director Sam Swofford stating the need to exceed the state maximum rate. The reason always given in these form letters is that “it is cost effective to the agency” to exceed the rate. **It is never cited that other lodging was unavailable.**

¹ *California Code of Regulations*, Title 2 §599.619(e)

In a letter from one commissioner regarding the February Commission meeting held at the Sterling Hotel, the Commissioner states:

“It is necessary to exceed the normal lodging rate as the meeting is being held at the Sterling Hotel in Sacramento and it is cost effective to the agency that I obtain lodging at the Hyatt.”

It appears that the logic used here is that it is cheaper to stay at the Hyatt than at the Sterling. However, it is cheaper to stay at the Best Western or Clarion than at the Hyatt and both hotels are closer to the meeting site.

One commissioner submitted a letter citing that it was “cost effective” for him to stay at the Sterling Hotel at \$144 per night because the Commission meeting was being held there. And one commissioner submitted a letter regarding a Board of Education meeting at the Board of Education building stating it was “cost-effective” to stay at the Hyatt because the meeting was in Sacramento.

In July 1997, the monthly Commission meeting was held at the Hilton Hotel, but commissioners (again) stayed at the Hyatt. The state rate at the Hilton is \$89.00 and parking is free. Commissioners took taxis between the Hilton and the Hyatt.

On one lodging invoice, a commissioner arrived one day earlier than the others and, we assume, was not able to get the state rate at the Hyatt on the room for that one night. The room charge for the additional night was \$195.00.

The only sort of approval required for excessive expenses is that of the Executive Director. It appears from the documents reviewed that all requests to exceed the state limits have been approved.

CAB HAPPY

Most commissioners fly into Sacramento from other cities. The airport SuperShuttle travels from the airport directly to downtown hotels (including the Hyatt Regency) and costs \$18.00 round trip. The Clarion Hotel has its own airport shuttle service that is free to guests.

Although the SuperShuttle is convenient and runs frequently, most commissioners use taxis to get to and from the airport. The cost for a taxi one-way ranges from \$26-\$37; round trip from \$52-\$75. The Task Force found only four billings to the CTC from SuperShuttle for shuttle use and the usage involved the same few commissioners.

On July 7th, three commissioners took taxis from the Hyatt to the airport. One left at 12:05 p.m., one at 12:20 p.m., and one at 12:50 p.m. The total for these three trips was \$81.60. It seems possible that the commissioners could have taken the SuperShuttle or, at the least, shared a taxi.

The Commission has accounts with several taxi companies. Commissioners simply sign the taxi receipts which are then submitted to the Commission by the taxi companies. As long as the receipt has a commissioner's name on it, the bill is paid. Taxis are routinely used to travel short distances: between the Sterling and Hyatt (6 blocks), between the Capitol and the Commission Office (6 blocks), from the Hyatt to the Department of Education (5 blocks). There are also taxi receipts for locations that are two, three, and four blocks apart.

Additionally, because the CTC likes to have meetings at Vizcaya Pavillion, the Commissioners have countless trips between the Hyatt and Vizcaya. The one-way fare between these two locations is almost \$7.00.

Finally, the commissioners routinely take taxis to and from dinner. The Task Force found receipts for trips to and from the Hyatt and Morton's of Chicago, and the Hyatt and 28th/N Streets (Paragary's Restaurant or Capitol Grill), and the Hyatt and 20th/Capitol (Waterboy). The receipts for one evening's rides to and from 20th/Capitol total \$42.95. Why the CTC considers these cab fares to be necessary state expenses is unknown.

CONCLUSION

After reviewing the invoices provided by the CTC for the expenses associated with monthly Commission meetings, the Task Force concluded that the general attitude of the CTC is to make its meetings "first class." The CTC's assertion that it is somehow "cost effective" to spend more than allowed by the state is without justification. Top flight hotels, taxis to dinner, and luxurious meeting facilities are unnecessary to conduct the state's business. The CTC provided no acceptable rationale for its excessive expenditures and, indeed, it appears that there is none.

SUGGESTED QUESTIONS FOR A BUDGET SUBCOMMITTEE HEARING:

1. Has the CTC considered using the auditoriums at EDD or the Secretary of State building? If not, why not?
2. Has the CTC considered using downtown Sacramento hotels which currently have a state rate that meets the state limit for excluded employees (Holiday Inn, Best Western, or the Clarion)? If not, why not?
3. Why are Commissioners reimbursed for taxis to and from the airport when the SuperShuttle goes directly to downtown hotels at a much lower cost? Why are Commissioners reimbursed for taxis to and from dinner?
4. Is it worth saving \$30,000 or more a year in teacher fees by changing the meeting and lodging venues and transportation habits of the Commissioners?